



TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

REGIONAL EFFICIENCY SUBGROUP

of the

SMART GROWTH STUDY GROUP

September 4, 2008

The Connecticut Conference of Municipalities appreciates the opportunity to comment on ways by which regions may operate more efficiently.

It is not hyperbole to state that Connecticut must go in a new direction or risk losing our quality of life.

Our state's over-reliance on property taxes to fund local governments, K-12 public schools, and other public or "municipal" services must end. Our state's uncoordinated and inefficient land use patterns must be changed. These systems no longer work – local government services aren't adequately and fairly funded, our students are shortchanged and people on fixed incomes are hit hard. The breakdown of these systems results in traffic congestion that plagues communities of all types, development being detoured away from existing infrastructure into previously undeveloped green spaces, and the irretrievable loss of open space lands. It severely hinders thoughtful "responsible" or "smart" growth.

CCM has had a long-standing interest in responsible growth.

The time is ripe for real movement on responsible growth. Over the past few years, findings by very different groups -- the Roman Catholic Archdiocese of Hartford, the Connecticut Regional Institute for the 21st Century, 1000 Friends of Connecticut, Regional Plan Association, and the State of Connecticut Blue Ribbon Commission on Property Tax Burdens and Smart Growth Incentives -- link Connecticut's present property tax and land-use policies with wasteful and destructive "sprawl." These policies combine to drive people and business away from cities, urbanized towns and other already-developed areas. These policies eat up precious green and open spaces. The reports show that towns of all types -- suburban, rural and urban -- are being hurt:

- A growing number of *small cities and older suburbs*, home to nearly half of the state's population, *face significant and growing poverty*.
- *Especially hard hit are Connecticut's central cities and urbanized towns*. These municipalities must cope with poverty rates nearly three times the statewide average and with local tax bases that are just 40 percent of the average and growing slowly.
- A large group of *fast-growing, middle-class suburbs are struggling* to provide schools and infrastructure with insufficient resources.
- *Sprawl threatens the state's natural resources and farmland*. The amount of urban and suburban land in Connecticut continues to increase at a dramatic rate – even though the population hasn't grown much over the last 20 years. Runaway growth devours farmland and churns out paved residential and commercial development -- changing an area, and our state, forever.

Cooperative land-use planning among the State, towns and cities can strengthen communities, preserve the environment and help the economy by improving transportation systems. Reforms that shift the revenue burden away from property taxes can stabilize fiscally stressed schools, help communities pay for needed public services and reduce competition for tax base. The State, councils of government or other regional organizations can help solve regional problems while ensuring that all communities have a say in decision-making.

Cooperative planning also includes encouraging development in areas where the infrastructure already exists, and around major transportation corridors.

CCM offers the following recommendation to encourage and maintain effective regional cooperation. Proposals should be incentive-based:

RPOs to COGs

CCM strongly recommends encouraging voluntarily transition by regional planning organizations (RPOs) into regional councils of government (COGs) by creating state incentives that would help RPOs to become newly enhanced Councils of Government (COGs). COGs (and similar structures called "councils of elected officials" or CEOs) grant decision-making power to elected mayors and first selectmen and to appointed chief executive officers – people who are accountable for their decisions. The State should enact an expedited process to encourage this transition.

Because COGs comprise municipal officials accountable to the voters, these bodies can be granted more significant authority in an effort to increase regional cooperation and thus improve efficiency. It also would provide a real opportunity for property tax relief and reform, as well as joint economic development. To accomplish this, CCM recommends the following:

- Municipalities be *clearly authorized to share local property tax revenue*, particularly when it results from joint efforts at economic development.

- *Allow COGs to share a portion of the sales tax generated within their regions.* Sales tax revenues are an ideal funding mechanism for regional cooperation because allocation of funds by the COGs would reflect spending choices by the residents of the region. Also, it has a proven track record: most, if not all, of the other states that have authorized regional 'asset' expenditures use the State sales tax as the funding source. Because state revenue may be tight in the next few years, one way to fund this would be provide that State sales tax revenues above those anticipated in 2008-2009 budget be shared 50-50 between the State (so that it has revenue growth) and COGs.
- *The State pay for one-time capital expenditures for equipment for joint municipal undertakings.* For example, if a group of municipalities wanted to share tax, data and information technology the State could pay for the hardware; the State could also buy fire-fighting equipment when it is to be shared by a group of municipalities, rather than having each municipality (even very small ones) buying their own expensive trucks and other equipment. Similarly, State support for shared capital facilities would be a major incentive (e.g. dog pounds, firehouses, and even schools and sewer treatment projects).
- *COGs be authorized to bond for capital projects* that would benefit the entire region.
- *COGs be granted the authority to work jointly on planning and zoning issues, and to make regional land-use decisions.*
- *Regions be granted the ability to negotiate master contracts* for their teachers and municipal employees.
- *The General Assembly review collective bargaining and other labor-law impediments to joint service delivery.*

Sales Tax Dedication

CCM recommends dedicating .5% of the sales tax to regional councils of government. Allowing COGs to share a portion of the state's sales tax would offset the need to raise property taxes.

The sales tax presently brings the state approximately \$3.4 billion, so if regions were to get .5% of the 6% it would distribute \$282 million to them.

A Legislative Program Review and Investigations Committee Study included a sales tax revenue sharing proposal. LPRIC discussed sharing such sales tax revenue with the 15 existing regional entities.

The Blue Ribbon Commission on Property Tax Reform and Smart Growth Incentives recommended that COGs be authorized to not only share tax revenue, but to "share local property taxes, pursuant to existing law – CGS 7-148bb...bond for capital projects, in order to support coordinated economic development strategies, regional assets and other projects, and several other things" (an excerpt is attached).

If financial resources were available, regional councils of government would undertake a variety of regional initiatives that would benefit the State, including:

- Purchasing land along regional corridors to enhance environmental quality and provide affordable housing.
- Assisting regional airports to promote economic growth in the region.
- Developing regional entertainment centers to anchor entire region and attract businesses and tourism.
- Ensuring disaster preparedness – vaccines, public awareness campaigns and transporting special needs populations.
- Constructing a regional solid waste transfer station.
- Constructing greenways to connect two or more municipalities.
- Enhancing geographic information systems (GIS) capacity within the region.

Dedicating a portion of the sales tax to COGs would be a very significant smart growth measure. It would shift the revenue burden away from property taxes, thereby stabilizing fiscally stressed schools, helping communities pay for needed public services and reducing competition for tax base.

Regional Incentive Performance Grant

The Regional Incentive Performance Grant is an initiative that provided \$8.6 million to regional planning organizations (RPOs) for services that are currently provided by municipalities within a region, not provided on a regional basis.

Hungry to implement regional projects, RPOs enthusiastically applied for the grant. In fact, there were many more proposals than there was funding available.

CCM hoped the grant would increase each year, thereby promoting regional cooperation and cutting municipal operating costs. However, unfortunately, this year's budget did not include funding for the grant.

This important initiative must be continued and the allocation significantly increased. The grant has stringent requirements for usage of funds, but still allows for maintenance of regional character and innovation.

Technical Assistance

In order to make informed and innovative growth decisions, the State should – through the Office for Responsible Growth -- provide regional entities (and municipalities) with adequate technical assistance. Currently, state planning divisions are understaffed and overwhelmed.

Other Issues

Taxes

Reminder: the property tax is the biggest single tax on businesses in Connecticut. It has a disproportionate impact on struggling small businesses. While it is difficult for the State to implement policies that would help businesses with high costs of energy, insurance and personnel, a concerted effort for property tax reform would yield positive results for businesses, residents and the environment.

The State should complete and maintain an ongoing "tax incidence analysis." This would enable policymakers to determine the way in which individuals, households and businesses are affected by the present federal-state-local tax burden, as well as proposed changes. CCM understands that funding was allocated for such a study, but it has not been completed.

Build Out Analysis

A statewide "build out analysis" is needed to understand how Connecticut will look 25, 35 and 50 years from now under current patterns of development. The State provided a similar analysis to determine the way in which current patterns of development affect the state's long-term capacity for providing drinking water.

It is essential that, as a state, we discern demographic and other trends. We can't know where we want to go if we don't know where we are, and where we are heading.

While technical assistance would be helpful in the future, state funds for a town-by-town build out analysis is needed now. This would be more in line with the Blue Ribbon Commission's recommendation for statewide analyses.

Cost of Sprawl Study

A cost-of-sprawl study is needed to quantify what the costs are to state and local governments due to unmanaged, inefficient sprawl development.

Conclusion

CCM looks forward to working with you as you develop proposals to ensure that Connecticut's unique quality of life, which is so essential to our economic success as well, is preserved.

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If you have any questions, please call Gian-Carl Casa or Ron Thomas, at (203) 498-3000.